

RESOLUTION NO. 87-01

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY
CONCERNING THE FINANCING OF LOANS FOR SINGLE-FAMILY
RESIDENCES AND THE ISSUANCE OF THE AGENCY'S
HOME MORTGAGE REVENUE BONDS FOR THAT PURPOSE

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for providing financial assistance to persons and families of low or moderate income to enable them to purchase moderately priced single-family residences (the "Residences");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to provide such financial assistance by means of ongoing programs (collectively, the "Program") to make or purchase lower-than-market-rate loans for the permanent financing of Residences (the "Loans");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to issue bonds to provide sufficient funds to finance the Program, including the making or purchasing of Loans, the payment of capitalized interest on the bonds, the establishment of reserves to secure the bonds, and other expenditures of the Agency incident to, and necessary or convenient to, the issuance of the bonds;

WHEREAS, the Agency, pursuant to the Act, has from time to time issued various series of its Home Mortgage Revenue Bonds (herein called the "Bonds") to provide funds to finance the Program;

WHEREAS, the Board of Directors of the Agency has determined to approve the offer and sale of one or more additional series of Bonds, from time to time prior to December 31, 1987, in an aggregate amount not to exceed the lesser of \$300,000,000 or the sum of (i) the amount allocated to the Agency during the 1986 calendar year by the Mortgage Bond Allocation Committee (the "MBAC") pursuant to the terms of a Proclamation by the Governor of the State of California dated September 30, 1986 and carried forward to subsequent years pursuant to the terms of such proclamation and Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) the amount allocated to the Agency for the 1987 calendar year by the MBAC pursuant to the terms of such proclamation and Section 146 of the Code (collectively, the "Agency Allocation"), at such fixed, adjustable or

variable interest rates as the Executive Director of the Agency deems appropriate; and

WHEREAS, the Housing Bond Credit Committee, pursuant to the Act, is required to determine the general adequacy of the Program's security in protecting the credit of the State of California;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the California Housing Finance Agency as follows:

Section 1. The Agency is of the opinion and hereby determines that the issuance of one or more series of Bonds in an aggregate amount not to exceed the amount of the lesser of the Agency Allocation or \$300,000,000 is necessary to provide sufficient funds to finance the making or purchasing of Loans pursuant to the Program. The Bonds are hereby authorized to be issued at such time or times on or before December 31, 1987, as the Executive Director of the Agency (the "Executive Director") deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer"), as to the timing of each such issuance.

Section 2. The Executive Director is hereby authorized and directed to submit to the Housing Bond Credit Committee a statement of the purpose for which the Bonds are proposed to be issued and the tentative aggregate amount of such proposed issues.

Section 3. The Executive Director and the Secretary of the Board of Directors of the Agency (the "Secretary"), are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute, acknowledge and to deliver to the Treasurer as Trustee under that certain indenture pertaining to the Bonds (the "Indenture") and to The Bank of California, National Association, as Co-Trustee under the Indenture (collectively, the "Trustees"); with respect to each series of Bonds, a Supplemental Indenture pertaining to each such series in substantially the form presented to this meeting, with such changes therein as the officers executing the same approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program, those matters required to be determined under the Indenture, as appropriate, in connection with the issuance of each such series, including, without limitation, the supplementary reserve account requirement, if any, and bond reserve account requirement for such series. There is hereby expressly authorized, as additional security for the Bonds, a deposit from the Supplementary Bond Security

Account created under Section 51368 of the Act into the funds and accounts held under the Indenture in an amount not to exceed six percent (6%) of the original principal amount of Loans expected to be made or purchased with the proceeds of the Bonds.

Section 4. The Bonds shall be limited obligations of the Agency and shall be in such denominations, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places within or without California, be subject to such terms of redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each Supplemental Indenture as finally approved shall provide. The Bonds shall be issued in registered form only. The Bonds shall have the maturity or maturities and shall bear interest at the fixed, adjustable or variable rate or rates deemed appropriate by the Executive Director; provided that no Bond shall have a term in excess of forty years or bear interest at a stated rate in excess of twelve percent (12%) per annum. Any of the Bonds and the Supplemental Indenture(s) may contain such provisions as may be necessary to accommodate an option to put such Bonds prior to maturity to a person other than the Agency and to accommodate bond insurance.

Section 5. The Bonds are hereby authorized to be sold at negotiated sale or sales. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Agency, upon consultation with the Treasurer, to execute and deliver one or more purchase contracts with Merrill Lynch Capital Markets (Merrill Lynch, Pierce, Fenner & Smith, Incorporated), Shearson Lehman Brothers Inc., and/or such other underwriters, if any, as the Executive Director may select in consultation with the Treasurer, in the form or forms approved by the Executive Director upon consultation with the Agency's legal counsel, such approval to be evidenced conclusively by the execution and delivery of said purchase contract by the Executive Director.

Section 6. The Treasurer is hereby authorized and requested, without further action of the Board of Directors of the Agency and unless instructed otherwise by the Board of Directors of the Agency, to sell each series of Bonds at the time and place and pursuant to the terms and conditions set forth in the applicable purchase contract as finally executed. The Treasurer is hereby further authorized and requested to cash and deposit the proceeds of any good faith deposit check to be received by the Treasurer under the terms of a purchase contract in a special trust account for the benefit of the Agency, and the amount of said check shall be applied at the time of delivery of the applicable Bonds, as

the case may be, as part of the purchase price thereof or returned to the underwriters as provided in the applicable purchase contract.

Section 7. The Executive Director is further authorized to hold information meetings concerning the Bonds and to distribute other information and material relating to the Bonds.

Section 8. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, for and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate amount of not to exceed the amount authorized hereby, in accordance with the Supplemental Indenture(s), in one or more of the forms set forth in the Supplemental Indenture(s).

Section 9. The Bonds, when so executed, shall be delivered to the Trustees to be authenticated by, or caused to be authenticated by, the Trustees. The Trustees are hereby requested and directed to authenticate, or cause to be authenticated, the Bonds by executing the certificate of authentication and registration appearing thereon, and to deliver the Bonds when duly executed and authenticated to the Underwriters in accordance with written instructions executed on behalf of the Agency by the Executive Director, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver. Such instructions shall provide for the delivery of the Bonds to the underwriters upon payment of the purchase price or prices thereof.

Section 10. The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more Mortgage Purchase and Servicing Agreements with such lender or lenders as the Executive Director may select in accordance with the purposes of the Program, and any such selection of a lender or lenders is to be deemed approved by this Board as if it had been made by this Board.

Section 11. The Executive Director is hereby authorized to circulate one or more Preliminary Official Statements relating to the Bonds and, after the sale of the Bonds, to execute and circulate one or more Official Statements relating to the Bonds, and the circulation of such Preliminary Official Statements and such Official Statements to prospective and actual purchasers of the Bonds is hereby approved.

Section 12. All actions previously taken by the Agency relating to the Program and the issuance of the Bonds, including, but not limited to, if applicable, the distribution of its Program Manual, Lender Application and Offer to Originate and Service Loans, Mortgage Purchase and Servicing Agreement and Servicer's Guide are hereby ratified.

Section 13. The Treasurer and officers of the Agency, or the duly authorized deputies thereof, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this resolution. Such agreements may include a tender agreement or similar agreement regarding any put option for the Bonds.

Section 14. In the Executive Director's absence or upon his authorization, all actions by the Executive Director herein approved or authorized may be taken by the Director of Financing of the Agency.

SECRETARY'S CERTIFICATE

I, Robert L. McWhirk, Secretary of the Board of Directors of the California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy of Resolution 87-01 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held in Sacramento, California, on the 8th day of January, 1987, of which meeting all said directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

AYES: Baldwin, Diemer, Geoghegan, Gordon, Hawkins, Hendricks, Langston, Mazirow, O'Brien, Unruh (by Val), Sterpa

NOES: None


ABSTENTIONS: None

ABSENT: None

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Board of Directors of the California Housing Finance Agency hereto this 8th day of January, 1987.

[SEAL]



Secretary of the Board of
Directors of the California
Housing Finance Agency